

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ISO-00 AID-05 CIAE-00 COME-00 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 AGR-10 (ISO) W

----- 053157

R 160922Z DEC 75

FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 811

UNCLAS KHARTOUM 2903

E.O. 11652: N/A

TAGS: ETRD, SU, US

SUBJECT: SUDAN'S GROWING IMPORTANCE AS US TRADING PARTNER

1. WITH ITS VAST AREA, EMPHASIS ON MECHANIZED AGRICULTURE (CF KHARTOUM 1528) AND HEAVY TRANSPORT, AND DEMONSTRATED AFFINITY FOR AMERICAN PRODUCTS, SUDAN IS NATURAL MARKET FOR US EXPORTS. RECENT COMMERCE DEPARTMENT FIGURES (OBR'S 75-22 AND 75-46) MAKE CLEAR EXTENT TO WHICH THIS HAS ALREADY HAPPENED IN THREE YEARS SINCE RESTORATION OF DIPLOMATIC RELATIONS IN MID-1972. FROM MODEST \$6 MILLION IN 1971, US EXPORTS TO SUDAN JUMPED TO \$65 MILLION IN 1974 AND A PROBABLE \$90 MILLION IN 1975, PUTTING SUDAN FOURTH BEHIND SOUTH AFRICA, NIGERIA AND ZAIRE AS A MARKET FOR US GOODS WITHIN COMMERCE'S SUB-SAHARAN AFRICA AREA. MOREOVER, WITHIN THE SUDAN, ACCORDING TO BANK OF SUDAN FIGURES, THE US NOW RANKS SECOND ONLY TO THE UK AS A SUPPLIER COUNTRY. THIS ACHIEVEMENT IS ALL THE MORE REMARKABLE SINCE US-SUDANESE TRADE INCLUDES NO MILITARY HARDWARE AND NO MORE THAN \$11 MILLION IN US AID-SUPPORTED SALES (THE LATTER STEMMING FROM A 1973 US COMMITMENT TO THE RAHAD PROJECT).

2. ON THE SUDAN-TO-US SIDE OF THE LEDGER, THE INCREASE IN TRADE IS LESS PRONOUNCED BUT NONETHELESS IMPORTANT--A FOUR-FOLD INCREASE FROM \$7 MILLION IN 1968 TO \$27 MILLION IN 1974.

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WHILE MOST OF THAT INCREASE IS TRACEABLE TO THE LARGE JUMP IN

THE PRICE OF GUM ARABIC, THE SUDAN'S HOPES TO BROADEN THE BASE OF ITS EXPORTS TO THE US RECENTLY WERE GIVEN MAJOR BOOST WITH SALE OF 25,000 BALES (4,770 METRIC TONS) OF LONG-STAPLE COTTON TO A BOSTON FIRM FOR SOME \$6.3 MILLION.

3. UNLESS ONE ASSUMES A MAJOR OIL DISCOVERY, (CHEVRON IS NOW DRILLING OFF-SHORE) IT IS UNREALISTIC TO EXPECT SIMILAR SPECTACULAR FUTURE GAINS IN US EXPORTS TO THE SUDAN. NONE-THELESS, BASIC FACTORS WHICH NOURISHED PAST GROWTH ARE LIKELY HELP THE US REMAIN COMPETITIVE IN THE YEARS AHEAD. THE ADDITIONAL FACTORS WHICH WILL BE DECISIVE IN THE FUTURE ARE EARLY MARKET PENETRATION (THE SUDANESE BUY WHAT THEIR FRIENDS BUY) AND MAXIMAL LEVERAGING THROUGH INVOLVEMENT OPEC-COUNTRY BANKS AND DEVELOPMENT FUNDS IN EXTERNAL FINANCING. BOTH OBJECTIVES WOULD BE EASIER ACHIEVE IF WE HAD THE TOOLS OF OTHER EXPORTING COUNTRIES--I.E., SUBSTANTIAL AMOUNTS OF OFFICIALLY-SUPPORTED COMMERCIAL BAN CREDITS AND SIGNIFICANT AVAILABILITY OF CONCESSIONARY LOAN AND TECHNICAL ASSISTANCE PROGRAMS. IN ABSENCE CAREFUL, IMAGINATIVE USE OF EXIM AND OTHER ASSISTANCE FUNDS, US FIRMS LIKELY FIND THE GOING TOUGHER.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE OPPORTUNITY REPORTS, TRADE DATA, TRADE AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 DEC 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975KHARTO02903
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750436-0982
From: KHARTOUM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751236/aaaabftk.tel
Line Count: 82
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 23 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 JUN 2003 by ReddocGW>; APPROVED <06 FEB 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SUDAN'S GROWING IMPORTANCE AS US TRADING PARTNER
TAGS: ETRD, SU, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006